

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-05 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 AID-05 CEA-01 COME-00 EB-08 FRB-03
STR-05 TRSE-00 LAB-04 SIL-01 OMB-01 AGRE-00 IGA-02
/102 W

-----031017 291538Z /43

R 291345Z DEC 77
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC 0013
INFO AMCONSUL ADANA POUCH
AMEMBASSY ATHENS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMCONSUL ISTANBUL
AMCONSUL IZMIR
AMEMBASSY MOSCOW
AMEMBASSY NICOSIA
AMEMBASSY PARIS
CINCUSAFE
USDOCOLANDSOUTHEAST IZMIR
USDOCOSOUTH NAPLES
USCINCEUR
USMISSION GENEVA
USMISSION USNATO

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USEEC

USOECD

E.O. 11652: N/A
TAGS: EAID, ETRD, TU, UR
SUBJ: TURKISH-SOVIET JOINT ECONOMIC COOPERATION COMMITTEE TALKS
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SUMMARY: THE SECOND ANNUAL MEETING OF THE TURKISH-SOVIET JOINT
ECONOMIC COOPERATION COMMITTEE WAS HELD IN ANKARA, DECEMBER 21-27.
THE TWO SIDES EVALUATED IMPLEMENTATION OF PROJECTS ALREADY BUILT
WITH SOVIET AID, AND DISCUSSED TRADE RELATIONS, EXPORT OF
ELECTRICITY FROM SOVIET UNION TO TURKEY, AND NEW SOVIET-AIDED
PROJECTS. PRESS ACCOUNTS OF THE PROTOCOL INITIALED AT THE CONCLUSION

OF THE MEETING ARE INCONSISTENT, BUT IT APPEARS THAT IT INCLUDES SOME CONTRACTS FOR CONSTRUCTION OF PROJECTS AND SOME FOR FEASIBILITY STUDIES TO BE UNDERTAKEN BY THE SOVIETS. OUR TENTATIVE ASSESSMENT IS THAT THE MEETING, AND THE AGREEMENTS WHICH RESULTED, REPRESENT FURTHER GRADUAL PROGRESS TOWARD INCREASING SOVIET INVOLVEMENT IN TURKEY'S DEVELOPMENT PROGRAM. END SUMMARY.

2. THE COMMITTEE AND THE FORMAT OF ITS MEETINGS (ANNUAL IN ALTERNATING CAPITALS) WERE ESTABLISHED IN THE ECONOMIC AGREEMENT OF JULY, 1975. LEADING THE RESPECTIVE DELEGATIONS WERE S.A. SKACHKOV, HEAD OF THE SOVIET STATE COMMITTEE OF FOREIGN ECONOMIC RELATIONS, AND SELAHATTIN KILIC, TURKISH PUBLIC WORKS MINISTER, FORMERLY MINISTER OF ENERGY. BOTH MEN HEADED THEIR COUNTRIES' DELEGATIONS IN THE FIRST ROUND OF ALKS IN MOSCOW A YEAR AGO. OTHER IMPORTANT FIGURES INVOLVED INCLUDED, ON THE TURKISH SIDE, PRESENT MINISTER OF ENERGY KAMRAN INAN AND MINISTER OF INDUSTRY OGUZHAN ASILTURK, AND ON THE SOVIET SIDE, DEPUTY MINISTER FOR IRON AND STEEL SERGEYEV. PROJECTS REFERRED TO IN PRESS ACCOUNTS OF THE MEETING AS "NEW" HAVE IN FACT BEEN UNDER CONSIDERATION FOR AT LEAST A YEAR, THEIR CENTRAL OUTLINE HAVING BEEN SET IN 1975 ECONOMIC AGREEMENT. SUBSEQUENT TALKS, INCLUDING FIRST ANNUAL JOINT COMMITTEE MEETING AND CAGLAYANGIL VISIT TO MOSCOW EARLIER THIS YEAR HAVE ELABORATED ON THIS OUTLINE, ALBEIT IN RATHER HALTING FASHION. TURKISH PRESS REPORTS OF MASSIVE SUMS INVOLVED (10 BILLION DOLLARS) WERE APPARENTLY INTENDED FOR PUBLIC CONSUMPTION AND INCLUDE THE TOTAL COSTS OF A LONG "SIH LIMITED OFFICIAL USE

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LIST" COVERED BY THE BASIC FRAME AGREEMENT, ON MOST OF WHICH NO ACTION HAS BEEN TAKEN. THE ATMOSPHERE OF THE TALKS WAS REPORTEDLY CORDIAL, WITH KILIC QUOTED TO THE EFFECT THAT, IN ECONOMIC RELATIONS CONTRIBUTING TO TURKEY'S DEVELOPMENT, THE SOVIETS HAVE TAKEN THE FIRST RANK. KILIC WENT ON TO SAY THAT HE HOPED THAT RELATIONS WOULD BE WIDENED IN 1978.

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C O R R E C T E D C O P Y PARA 5 TO READ PARA 4

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2. THE TALKS ENDED ON THE EVENING OF DECEMBER 27, WHEN AN
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ECONOMIC COOPERATION PROTOCOL WAS SIGNED BY SKACHKOV AND KILIC.
ALTHOUGH PRESS ACCOUNTS ARE INCONSISTENT, IT SEEMS CLEAR THAT
FIVE SPECIFIC CONTRACTS WERE CONCLUDED FOR VARYING AMOUNTS
OF SOVIET PARTICIPATION IN THE FOLLOWING: A REFACTORY MATERIALS
PLANT IN ISKENDERUN; AN IRON ORE PELLETIZING PLANT AT HASAN
CELEBI (SIVAS); EXPANSION OF THE ALIAGA REFINERY TO 10 MILLION
TON ANNUAL CAPACITY; PREPARATORY WORK ON A BLACK SEA REFINERY;
AND PREPARATORY WORK ON CONVEYOR SYSTEMS AT CAN AND ORHANELI
FROM LIGNITE BEDS TO THERMAL POWER STATIONS THAT ARE NOW IN FINAL
STAGES OF DESIGN WITH SOVIET ASSISTANCE. FURTHER EXPANSION
OF THE SEYDISEHIR ALUMINUM PLANT IS ALSO MENTIONED IN SOME REPORTS,
ALTHOUGH IT IS UNCLEAR IF THIS IS A NEW DEVELOPMENT OR A REFERENCE
TO AGREEMENT REACHED IN THE FIRST JOINT COMMITTEE MEETINGS.
FINALLY, IT WAS ALSO REPORTED THAT EXPORT OF ELECTRICITY
(INVOLVING CONSTRUCTION OF TRANSMISSION LINES FROM BATUM TO HOPA)

WAS DISCUSSED, AND THAT AGREEMENT WAS REACHED FOR TURKEY TO IMPORT 150 MEGAWATTS FROM THE SOVIET UNION. NO SPECIFIC REFERENCE TO AMOUNT AND TERMS OF BILATERAL TRADE WAS REPORTED EXCEPT THAT TRADE IS TO BE "DEVELOPED IN TURKEY'S FAVOR" (APPARENTLY TURKISH EXPORTS TO THE USSR ARE TO BE INCREASED).

3. IN ADDITION TO PROJECTS AGREED TO IN JOINT COMMITTEE PROTOCOLS, OTHER SPECIFIC PROJECTS ARE MENTIONED IN PRESS ACCOUNTS WHICH HAVE RECENTLY BEEN AGREED ON DURING 1977: CONSTRUCTION OF A HYDROGEN PEROXIDE PLANT AT BANDIRMA, CONSTRUCTION OF A STEEL INDUSTRY TRAINING FACILITY AT ISKENDERUN, CONSTRUCTION OF TWO ELECTRO-MECHANICAL EQUIPMENT FACTORIES, CONSTRUCTION OF AN AGRICULTURAL PESTICIDES PLANT, CONSTRUCTION OF A CATALYZER AT THE ALIAGA REFINERY AND EXPORT OF TELEVISION TUBES FROM THE SOVIET UNION TO TURKEY.

4. COMMENT: ON THE BASIS OF INFORMATION PRESENTLY AVAILABLE TO US, THE PROTOCOL OF DECEMBER 27, 1977 AND LESSER AGREEMENT LIMITED OFFICIAL USE

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OF 1977 CONSTITUTE AREAL, IF GRADUAL, BROADENING OF INVOLVEMENT BY THE SOVIET UNION IN TURKEY'S INDUSTRIAL DEVELOPMENT. WHILE THE SCALE IS UNDOUBTEDLY CONSIDERABLY SMALLER THAN PRESS ACCOUNTS WOULD LEAD ONE TO BELIEVE, THE FACT REMAINS THAT, AS KILIC INDICATED, THE SOVIET UNION IS CURRENTLY THE LQPMEST SUPPLIER OF AID TO TURKEY. AS USUAL IN PUBLIC ACCOUNTS OF DISCUSSIONS WITH THE SOVIET UNION, MORE QUESTIONS ARE RAISED THAN ANSWERED. WE ARE THEREFORE SEEKING APPOINTMENTS WITH MFA OFFICIALS WHO WE BELIEVE ARE FAMILIAR WITH THESE TALKS IN AN EFFORT TO RESOLVE INCONSISTENCIES AND AMBIGUITIES CONTAINED IN NEWSPAPER REPORTING AND WILL REPORT RESULTS, IF ANY. SPIERS

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Message Attributes

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